



DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 310
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
www.hawaii.gov/dcca

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

**PRESENTATION OF THE
OFFICE OF CONSUMER PROTECTION**

TO THE HOUSE COMMITTEE ON JUDICIARY

**THE TWENTY-EIGHTH LEGISLATURE
REGULAR SESSION OF 2015**

**APRIL 7, 2015
2:05 PM**

**TESTIMONY IN SUPPORT OF SENATE BILL NO. 14, S.D. 1, H.D. 1, RELATING TO
THE RESIDENTIAL LANDLORD-TENANT CODE.**

**TO THE HONORABLE KARL RHOADS, CHAIR,
AND TO THE HONORABLE JOY A. SAN BUENAVENTURA, VICE CHAIR,
AND MEMBERS OF THE COMMITTEE:**

The Department of Commerce and Consumer Affairs, Office of Consumer Protection ("OCP"), appreciates the opportunity to testify in support of Senate Bill No. 14, S.D. 1, H.D. 1, Relating to the Residential Landlord-Tenant Code. My name is Stephen Levins, and I am the Executive Director of the OCP.

Senate Bill No. 14, S.D. 1, H.D. 1 seeks to amend the Residential Landlord-Tenant Code by allowing the security deposit to be used for costs related to the replacement of keys, key fobs, garage door openers, and mail box keys, and to compensate a landlord for moneys owed by a tenant under the rental agreement for utility service provided by the landlord but not included in the rent.

The amendments contained in H.D. 1 are a product of discussions between the OCP and the Hawaii Association of Realtors. OCP supports them because it believes that it is not unreasonable for landlords to be able to recover their costs from a security deposit for things such as lost keys and for contracted utility services. It is also not inconsistent with the underlying policies of the Landlord-Tenant Code.

Thank you for allowing me the opportunity to testify in support of Senate Bill No. 14, S.D. 1, H.D. 1. I would be happy to address any questions or concerns the committee members may have.

April 7, 2015

The Honorable Karl Rhoads
House Committee on Judiciary
State Capitol, Room 325
Honolulu, Hawaii 96813

RE: S.B. 14, S.D.1, H.D.1, Relating to the Residential Landlord-Tenant Code

HEARING: Tuesday, April 7, 2015, at 2:05 p.m.

Aloha Chair Rhoads, Vice-Chair San Buenaventura and Members of the Committee:

I am Myoung Oh, Government Affairs Director, here to testify on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i, and its 8,400 members. HAR **strongly supports** S.B. 14, S.D.1, H.D.1, which amends the residential landlord-tenant code to allow use of the security deposit to: replace keys, including key fobs, parking cards, garage door openers, and mail box keys; and pay for utility service provided by the landlord under the rental agreement but not included in the rent. Effective 11/1/211

It is common practice for Hawai'i landlords and property managers to collect a security deposit from tenants as part of a residential rental agreement pursuant to Hawai'i Revised Statutes ("HRS") Section 521-44 (Hawaii's Residential Landlord-Tenant Code). When a landlord collects a security deposit, it helps ensure that the tenant will keep the property in good shape, pay the rent, and not suddenly break the lease and disappear, which could mean the tenant doesn't get the deposit returned.

Under current statutes, the amount of a security deposit shall not exceed one month's rent and can only be used by the landlord for the following:

1. Remedy a tenant's defaults for accidental or intentional damages resulting from failure to comply with Section 521-51 of Hawaii's Residential Landlord-Tenant Code, for failure to pay rent due, or for failure to return all keys furnished by the landlord at the termination of the Hawaii rental agreement;
2. Clean the dwelling unit or have it cleaned at the termination of the Hawaii rental agreement so as to place the condition of the dwelling unit in as fit a condition as that which the tenant entered into possession of the dwelling unit; and
3. Compensate for damages caused by a tenant who wrongfully quits the dwelling unit.

In addition to the above, tenants typically have other obligations under their Rental Agreement, such as, but not limited to sewer, water, and electricity expenses. However, these agreed upon obligations that are included in the Rental Agreement do not fall within the scope of the uses of a security deposit.

This is a problem that has grown in incidence and tenants are taking on obligations that affect the property and could put a landlord at risk if a tenant walks away from these obligations, which often times can add up. HAR believes that allowing a security deposit to be used utility obligations that are the tenant's responsibility is fair and reasonable to ensure that all tenant obligations are met under the Rental Agreement.

This measure is a collaborative draft between HAR and the Office of Consumer Protection (OCP) and we respectfully ask for your favorable passage.

We request an effective date of November 1, 2015 to allow for adequate time for our Rental Agreement can be reviewed and amended to reflect this new law.

Mahalo for the opportunity to testify in strong support of this measure.